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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue  
Implementation and Administration,  
and Consider Further Development,  
of California Renewables Portfolio  
Standard Program.

Rulemaking R.18-07-003

**COMMENTS OF THE GREEN POWER INSTITUTE  
ON THE NEW RPS OIR**

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## **COMMENTS OF THE GREEN POWER INSTITUTE ON THE NEW RPS OIR**

Pursuant to the instructions in the new RPS OIR, in Proceeding R-18-07-003, the Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program, the Green Power Institute, the renewable energy program of the Pacific Institute for Studies in Development, Environment, and Security (GPI), provides these Comments of the Green Power Institute on the New RPS OIR.

Our comments discuss items in the OIR's Preliminary Scoping Memo, Section 4, and the Preliminary Schedule, Section 7. We are particularly interested in the timely resolution of some of the carryover issues discussed in Section 4.1.1., Resolving Remaining Issues from R.15-02-020. Some of these issues have been pending for quite a long time, and ought to be resolved in a timely manner.

### **Section 4.1.1. Resolving Remaining Issues from R.15-02-020**

Several issues are carried over from R.15-02-020, and discussed in Section 4.1.1. of the preliminary scoping memo. We discuss selected carryover issues below.

#### ***1. Revisiting and possibly revising the RPS feed-in tariffs (also known as renewable market adjusting tariff (ReMAT) program and bioenergy market adjusting tariff (BioMAT) program), including revisions mandated by AB 1923 (Wood, Stats. 2016, ch. 663).***

In the opinion of the GPI, it is a matter of the highest priority to complete the implementation of the provisions mandated by AB 1923, which was enacted in 2016. Doing so would provide a significant boost to the functioning of the BioMAT program. Some of the provisions of AB 1923 pertaining to the BioMAT program were implemented in August, 2017, in the predecessor RPS proceeding, R.15-02-020, via D.17-08-021. However, the provisions of AB 1923 that pertain to interconnection were left to a future

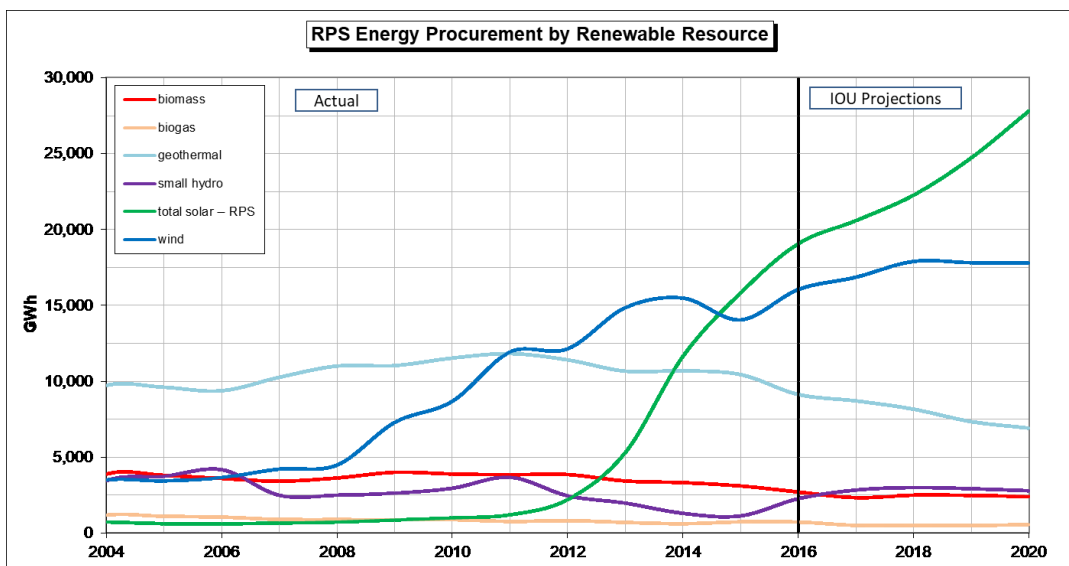
decision. The Commission issued a Staff Proposal and request for comments on the implementation of the interconnection provisions of AB 1923 on October 4, 2017. Comments were filed on October 24, and Reply Comments were filed on October 31. More than nine months have passed since the Replies were filed, and no action has been taken. D.17-08-021, the companion decision on the implementation of AB 1923, is a modest, 13-page Decision. We do not expect the decision implementing the interconnection provisions of AB 1923 to be any longer or more controversial than D.17-08-021. Producing a proposed decision on this matter as quickly as possible should be the first order of business for R.18-07-003, and should occur before the end of the third quarter of 2018.

***2. Revising and updating the least-cost best-fit methodology for evaluating RPS-eligible procurement, including revisions mandated by SB 2 (1X) (Simitian, Stats. 2011, ch.1) and SB 350.***

It is not technically incorrect to characterize the revision and updating of the least-cost/best-fit (LCBF) methodology as a carryover from R.15-02-020, but it is misleading. Decision D.04-07-029, in R.04-04-026, is the last time that the LCBF rules have been addressed directly in a Commission Decision. In the Scoping Memo for R.06-05-027, item 7 includes, as priority issue no. 4, “Improve application of least cost / best fit criteria.” An LCBF review and overhaul has been included in the Scoping Memo for every subsequent RPS proceeding, including R.08-08-009 and R.11-05-005, as well as R.15-02-020. It has yet to occur.

The last action taken in pursuit of LCBF reform was in mid-2016 in R.15-02-020, when the Commission issued a Staff Paper on LCBF reform, and solicited comments and reply comments from the parties. In January of this year the Commission noticed a workshop on LCBF reform, then rescheduled it for a couple of weeks later, then subsequently postponed it, pending further notice. There has been no further notice. In short, LCBF review and reform has been in-scope continuously since 2006, but never delivered. It is long, long overdue.

In the opinion of the GPI, LCBF reform is not only long overdue, it is also a high-priority activity that should be pursued as a priority issue in R.18-07-003. Even while RPS energy production has grown dramatically in California over the past several years, the diversity of the RPS energy supply has been shrinking just as dramatically. Indeed, since about 2012 nearly all of the increase in renewable energy generating capacity has been in one resource, solar, and more narrowly in one technology to convert that resource, photovoltaics (PV) (see figure below, which is from the September 25, 2017, GPI Comments on the 2016 Compliance Reports, in R.15-02-020). While the marketplace has demonstrated that PV has become the low-cost RPS alternative, the nearly complete reliance on PV for RPS capacity expansion is leading to some difficult challenges for the operation and control of the grid, in particular to seasonal midday surpluses of renewable power, and seasonal steep afternoon ramps when system demand is increasing and solar is turning off.



With only one technology winning virtually all of the new RPS PPAs, it would appear that the current LCBF methodology is producing the exact same results that a least-cost-only methodology would produce, and in the process is exacerbating the operability of the grid. In the opinion of the GPI, if the best-fit part of the LCBF equation was given sufficient

sway the likelihood is that a more balanced portfolio of RPS resources would be deployed, and the midday-surplus and steep-afternoon-ramp issues would be thereby reduced. Giving the best-fit part of the equation a meaningful role in the LCBF methodology can only come from a real reform of the LCBF process.

The GPI notes that reform of the LCBF methodology would not only benefit the RPS program, it would also benefit the IRP process. The OIR for the IRP proceeding, R.16-02-007, adapts the LCBF methodology from the RPS proceeding for use in the IRP optimization modeling process, and expresses its readiness to embrace an overhauled LCBF methodology as soon as the overhaul is completed in the RPS proceeding. It is our hope that the initiation of this new RPS proceeding will provide the impetus for finally conducting this task. There is no downside to overhauling the LCBF, only the upside possibility of producing a more balanced RPS portfolio, and a more operable grid.

***3. Developing a methodology for determining values for effective load carrying capability.***

ELCC methodologies have been and are under development in several Commission proceedings, including the IRP and RA proceedings, as well as in the RPS proceeding. The application of ELCC methodology in each of these proceedings is unique with respect to parameters such as timeframe, and whether a marginal or average value is called for. Nevertheless, there is a great deal of commonality among the methodologies being developed and tailored in each of these proceedings, and the work should be coordinated for purposes of efficiency and consistency. We note that ELCC is a component of LCBF reform.

***4. Establishing a cost containment mechanism for utility RPS procurement, including revisions mandated by SB 2 (1X) (Simitian, Stats. 2011, ch.1) and SB 350.***

SB 2 (1X), and SB 350 have provisions pertaining to the development of cost-containment mechanisms for the RPS program, but the enactment of those provisions was deemed a low-priority issue in R.15-02-020, due to the fact that the falling costs for new RPS resources has made them more than competitive in the overall energy marketplace, and the

residual net shorts for the IOUs are shrinking. No action was taken on this issue in R.15-02-020.

California's electricity marketplace is in a state of flux as we launch this new RPS proceeding. The CCA revolution is in full bloom, and energy procurement is being pursued by an increasing number of smaller entities. We note that three ESPs recently filed waiver requests for procurement violations for the 2011-2013 RPS compliance period (see following section), and with all of the new CCAs coming on the scene there is a possibility that some will struggle to meet their RPS compliance obligations in the 2017-2020 compliance period. With three waiver requests pending, and more possible in the future, it would behoove the Commission to better frame the RPS program by adopting a cost-containment mechanism. In the opinion of the GPI, this is not a first-priority item for consideration in this proceeding, but it ought to be done nevertheless.

#### ***6. Completing the waiver determinations from Compliance Period 1.***

Three ESPs recently filed waiver requests for RPS procurement violations for the 2011-2013 RPS Compliance Period. Comments on the waiver requests were filed in March of this year. This is the first time that waiver requests of this kind have been filed in the RPS program, and the applicants deserve a timely adjudication of their requests in R.18-07-003. The decisions on these requests have the potential to be precedent setting, so it is important that they be well-reasoned, fair, and provide a sound framework for the future enforcement of the RPS program rules and regulations.

#### **Section 4.1.2. Continuing, Monitoring, Reviewing, and Improving the RPS Program**

Section 4.1.2 includes ten items that have been standard fare for the ongoing RPS proceedings. The GPI endorses the inclusion of these items in the Scoping Memo for this proceeding. We comment on a couple of the items below:

#### ***4. Reviewing compliance progress of retail sellers and taking enforcement action if required.***

This ongoing task, which is conducted in conjunction with the CEC, which is responsible for certifying the procurement performance of retail providers, will become considerably more complicated in the future as the retail-seller market breaks down into smaller and more numerous entities. In particular, the explosion in the CCA sector brings a bevy of entities that are publicly controlled under the somewhat murky jurisdiction of the Commission (this observation is not offered as a legal opinion).

The difficulty of reviewing the compliance progress of CCAs is complicated by the fact that the CCAs have the ability to adopt different eligibility rules for RPS energy, with the result that to some degree they are playing by different rules than other jurisdictional LSEs. The Commission will have to develop an approach to compliance and enforcement that is fair to all types of retail providers. For most CCAs compliance and enforcement will not become an issue until approximately 2025, five years after the end of the 2017-2020 RPS compliance year (the first compliance period for most CCAs). Nevertheless, planning for dealing with all kinds of entities should begin well before they might face compliance and enforcement actions.

#### ***8. Reviewing and revising, if needed, confidentiality rules applying to the RPS program.***

In 2005 - 2006, the Commission conducted a proceeding examining the overall confidentiality rules for procurement planning in various Commission proceedings. One of the conclusions of this proceeding (D.06-06-066) was that the confidentiality rules pertaining to the RPS program should be more restrictive than the rules pertaining to other procurement programs. That is, there should be greater public access to RPS-related data than for other kinds of data at the Commission.

As far as we know there has been no overhaul of the confidentiality rules relating to the RPS program since the 2006 decision, and we are concerned that over time parties claiming confidentiality have been increasingly generous in their claims. It is the opinion

of the GPI that a review and possible revision of the confidentiality rules applying to the RPS program is needed at this point in time, and should be conducted under R.18-07-003.

## **Section 7. Preliminary Schedule**

As noted in the discussion in the OIR, the preliminary schedule for this proceeding goes no further than scheduling comments and replies on the OIR, a prehearing conference, and a scoping memo, which is expected to be issued during fourth quarter 2018. We note that the schedule for filing and commenting on the RPS procurement plans of the LSEs has already been set in R.15-02-020, and we assume that that schedule will be carried into this new RPS proceeding.

As noted in the preliminary scoping memo, a number of tasks that are expected to be conducted in R.18-07-003 are ongoing activities that are carried over from R.15-02-020. In fact, some of those tasks can and should be completed before the scoping memo is issued, which is supposed to be just prior to the beginning of the fourth quarter of the year, according to the OIR. In particular, as discussed previously, issuance of a proposed decision implementing the interconnection provisions of AB 1923 ought to be ripe for issuance during the third quarter of the year, which is before not only the scheduled issuance of the scoping memo, but also the PHC. We encourage the Commission to issue a Ruling quickly relating to ongoing RPS activities that can be resolved during 2018.

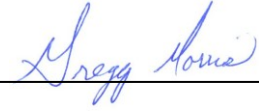
## **Conclusion**

We recommend that the Commission adopt our recommendations herein, and that the highest priority carry-over items from R.15-02-020 that are ripe for resolution not be delayed by the need to conduct the procedural tasks that accompany the opening of a new proceeding.



Dated August 13, 2018

Respectfully Submitted,



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